

More than gold in the price of a Krugerrand

By Roger Boye

More questions about coins and currency are answered this week.

Q—Why can't I buy a one-ounce Krugerrand at the market price for gold? Most places I've called want a \$10 to \$30 premium over the gold value plus 7 percent sales tax. S.J., Oak Forest.

A—You're paying the seller's commission as well as minting and shipping costs. Eventually you may get part of the premium back because most dealers offer investors the spot gold price plus \$5 to \$15 to buy a Krugerrand.

Incidentally, a dealer's "profit margin" on Krugerrands and other bullion items is quite small, far below the profit margin on most collectible coins. Dealers often make less than \$15 per Krugerrand sale [assuming a constant gold value], not much for an item costing about \$400.

Illinois dealers must charge sales tax when selling coins to state residents. You could avoid the tax by placing a mail order with a company in another state.

Q—We'd like to sell a scarce 1871-CC silver dollar that we inherited. A friend thinks we should place the coin on auction to ensure getting a fair price. Is that a good idea and, if so, how would we go about doing it? H.D., Chicago

A—Most rarities sold at major coin auctions bring the best-possible market price. But dealers conducting auctions charge sellers a commission that sometimes is as high as 20 percent. Thus, the amount you receive may not be much more than the coin's "wholesale value," the price you probably could get by selling to a dealer.

Also, most auctions are scheduled months in advance to allow time for preparation of catalogues and publicity. You may have a long wait for your money.

Some dealers who conduct major auctions advertise regularly, seeking consignments. Check a recent issue of Coin World or Numismatic News.

Q—We own several silver certificate \$1 bills of series 1935-D, 1935-G and 1957-A. All are worn from circulation, and two are torn slightly. What are they worth to collectors? Y.A., Arlington Heights.

A.—Just \$1 each, the face value. Most silver certificates printed in the last half century must be in "crisp, uncirculated condition" to command even a slight premium on the hobby market.

Three important exceptions are \$1 bills of series 1928-C, 1928-D and 1928-E, all of which retail for at least \$80 each in the circulated condition category of "very fine." One-dollar bills of a few other selected series might go for as much as \$6 each in "very fine."